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E.O. 12958: DECL: 06/12/2034
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [TW](#) [IR](#) [TU](#)

SUBJECT: (S) RESPONDING TO TAIWAN ON QUESTIONS REGARDING
TURKISH INTERMEDIARY AK MAKINA

REF: A. 08 STATE 109927
[B](#). 08 AIT TAIPEI 001474
[C](#). AIT TAIPEI 000076
[D](#). AIT TAIPEI 000226
[E](#). STATE 27726
[F](#). AIT TAIPEI 000569
[G](#). AIT TAIPEI 000679

Classified By: ISN/MTR DIRECTOR PAM DURHAM
REASONS 1.4 (B), (C) AND (D).

[1](#). This is an action request. AIT Taipei, please see paragraph 5.

[2](#). (S) Background: In March 2009, the United States requested that Taiwan investigate efforts by the Turkey-based company Ak Makina to supply Iran's Ardalan Machineries Company with a variety of machine tools produced by companies in Taiwan (Ref E). Ardalan Machineries is associated with Iran's Shahid Hemmat Industrial Group (SHIG), the entity responsible for overseeing Iran's liquid propellant ballistic missile program. We believe Ardalan Machineries Company and Ak Makina have been working together to acquire machine tools for missile-related entities in Iran and requested Taiwan authorities investigate this information.

[3](#). (S) In May 2009, Taiwan responded that its investigation confirmed that the Taiwan company Akira Seiki had exported four sets of machine tools to Ak Makina, but determined that those transfers had not violated Taiwan's export controls (Ref F). Taiwan authorities also noted that during the course of their investigation, Akira Seiki reported that Ak Makina claimed to have no relationship with either Iran's Ardalan Machineries Company or SHIG. Based on these findings, Taiwan asked whether the United States may have mistakenly identified Turkey's Ak Makina as being involved in these transactions.

[4](#). (S) We now want to confirm to Taiwan that Turkey's Ak Makina is the firm involved in these business dealings in Iran and that we believe Ak Makina is attempting to conceal its relationships with Iranian customers from machine tool exporters to avoid Taiwan's export control restrictions. We want to reiterate that Taiwan should closely scrutinize all exports involving Taiwan-origin equipment to Ak Makina to ensure such items are not diverted to weapons-related applications in Iran. Finally, we want to request that Ak Makina remain on the Taiwan Customs List of High-Risk Companies and that Taiwan firms be required to apply for licenses for all exports involving Ak Makina.

[5](#). (S) Action Request: Request AIT Taipei approach appropriate officials to deliver talking points/non-paper in paragraph 6 below and report response. Talking points also may be provided as a non-paper. (NOTE: Pursuant to a decision made at the February 2009 Gameplan discussions, Department plans to deliver this demarche to TECRO officials in Washington, D.C. END NOTE)

[6](#). (S) Begin talking points/non-paper:

(SECRET REL TAIWAN)

-- We appreciate our continued cooperation on export control

and nonproliferation issues as part of the U.S.-Taiwan "Gameplan."

-- In March 2009, we requested that you investigate efforts by the Turkey-based company Ak Makina to supply Iran's Ardalan Machineries Company with a variety of machine tools produced by companies in Taiwan.

-- We brought this case to your attention because we believe that Ardalan Machineries Company and Ak Makina were working to circumvent your export controls to acquire Taiwan-origin machine tools for missile-related entities in Iran.

-- Ardalan Machineries is associated with Iran's Shahid Hemmat Industrial Group (SHIG), the entity responsible for overseeing Iran's liquid propellant ballistic missile program.

-- In May 2009, you informed us that your investigation confirmed that the Taiwan company Akira Seiki had exported four sets of machine tools to Ak Makina, but you determined that those transfers had not violated Taiwan's export controls.

-- You also noted that during the course of your investigation, Akira Seiki reported to Taiwan authorities that Ak Makina claimed that it did not have relationships with Iran's Ardalan Machineries Company or SHIG.

-- Based on these discussions, you expressed concern that the United States may have mistakenly identified Turkey's Ak Makina as being involved in these dealings with missile-related entities in Iran.

-- We now want to confirm to you that we have carefully reviewed the information we have provided you in this case and believe that our description of Ak Makina's assistance to Iran is accurate.

-- We believe Ak Makina is attempting to conceal its business dealings in Iran from Akira Seiki and other Taiwan machine tool producers to avoid your export control restrictions.

-- We therefore urge you to closely scrutinize all exports involving Taiwan-origin equipment to Ak Makina to ensure this firm does not continue to divert such items to missile-related end-users in Iran in violation of your export controls.

-- We therefore applaud the recent steps you have taken in response to the export license application you received from Akira Seiki involving Ak Makina. In this case, you decided to obtain written assurances from the government of Turkey concerning the end-use of the machine tools and to conduct a pre-license check in Turkey.

-- We also believe Turkey's Ak Makina should remain on the Taiwan Customs List of High-Risk Companies and that Taiwan firms should be required to apply for licenses for all exports involving Ak Makina.

-- We look forward to continued cooperation on nonproliferation issues and would appreciate hearing of any further information you uncover in this case at the earliest possible time.

End talking points/non-paper

17. (U) Washington POC is ISN/MTR James Mayes (Phone: 202-647-3185). Please slug any reporting on this issue for ISN/MTR.

18. (U) A word version file of this document will be posted at www.state.sgov.gov/demarche.
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End Cable Text